

PRESS RELEASE

Prime Minister's Office

Government of the Republic of Lithuania

July 14th, 2010

Stimulating growth by improving dividends from SOEs

The Lithuanian Government and ultimately the taxpayers of Lithuania, is the largest owner of commercial assets in the country. Each taxpayer in this country has a share in this portfolio worth around LIT 16.000 per person. Together we are now turning the page on the management of this common asset by publishing this Annual Review. This is the first step, in obtaining a map over this portfolio so that we will be able to take serious steps towards a more professional management of these commercial assets.

The Prime Minister of Lithuania Andrius Kubilius said:

This is the start of structural reforms that will stimulate growth, increase competitiveness and reduce the budget deficit.

The value of State-Owned Commercial Assets are comparable to 25 per cent over GDP. Transparency together with professional management will have a positive impact on the business climate in Lithuania as a whole. The portfolio of commercial assets has a substantial potential for efficiency improvement and thereby an ability to contribute in a material way to the state budget.

The first step in this process is setting the highest standard of transparency for State-Owned Enterprises (SOE's). Transparency shall be easily understood and give a fair picture of the state of the portfolio not only in an annual statement but henceforth also through interim reports during the year disclosing material events and the financial development, company objectives, directors and senior management, and their remuneration, material foreseeable risk factors, governance structure and policies. Today the Government has approved its Transparency Policy to enforce this vision.

The Minister of Economy Dainius Kreivys said

Motivated to attract foreign investments Lithuania will adhere to international best practice, understanding that global capital markets will insist upon clear, relevant financial information and that capital has no memory, it will flow where it sees reward and understands the risks. Volatility is the inevitable by-product of a global, highly competitive, fast-paced marketplace. With this report and commitment to the highest standards of

transparency, we are rising to the challenge to make Lithuania an internationally competitive and attractive country for investments.

Further steps will involve separation of commercial assets, activities working under market conditions, from assets with a policy purpose. State Commercial assets deserve the best professional management so that the portfolio serve the people by generating a relevant and transparent return that can be used by the government for purposes of further improving the country and thereby the life of the people. The government shall have a long-term strategic vision with shareholder value at the core and executive compensation aligned to long term performance.

The Government has ordered Ministry of Finance and Ministry of Economy to prepare strategy for efficient management of state owned enterprises by September 1st, 2010.

Editorial Comments

As described in Annual Review the Lithuanian Government is the largest owner of commercial assets in the country. The Portfolio consists of more than 300 companies in various sectors. However, companies within Energy, Real Estate and Forest sectors represent more than 80 per cent of the value of the portfolio.

Furthermore, we also have a number of strategically important assets in the Transportation sector, as well as number of minor assets in a wide range of sectors.

Further information:

Official web site for State-Owned Commercial Assets: www.lrv.lt/en/news/review/

Further question, please contact:

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